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January 24, 2019

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk / Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Residential Smart \$aver Energy Efficiency Program
Docket No. 2016-149-E

Dear Ms. Boyd:

Duke Energy Progress, LLC (the "Company") proposes to make certain modifications to its Residential Smart \$aver Energy Efficiency Program, including internal program changes and tariff revisions, in order to improve the program's cost-effectiveness.

As for internal program changes, the Company plans to recognize lower actual incremental customer costs, make its trade ally participation more streamlined and less costly, reduce its program administration costs, recognize a three-year transition to referral-only channels, and introduce an online channel from which residential customers may obtain discounted energy efficiency equipment, products, and services. As for tariff revisions, the Company proposes to remove the dollar amounts from the tariff in order to improve the Company's ability to quickly react to changes in the marketplace and increase the cost-effectiveness of the program. The Company would also like to provide greater flexibility for when a customer's application must be made by removing the requirement that applications be made within 90 days of eligible work being completed.

The proposed tariff revisions are shown in redline in Exhibit A, which is attached hereto. Please feel free to contact me should you have any questions or concerns.

Kind regards,

Sam Wellborn

SJW:tch

Enclosure

cc w/enc: Parties of Record (via email)
Heather Shirley Smith, Deputy General Counsel (via email)
Rebecca J. Dulin, Senior Counsel (via email)

Duke Energy Progress, LLC
(South Carolina Only)

SC Program RSSEE-~~42~~
Supersedes SC Program ~~HEIP-6~~RSSEE-2

RESIDENTIAL SERVICE – SMART \$AVER® ENERGY EFFICIENCY
PROGRAM - RSSEE-~~42~~

PURPOSE

The purpose of this program is to encourage the purchase and installation of energy conservation measures designed to increase energy efficiency in new or existing residential dwellings.

PROGRAM

- The program is available to owners of individually metered residences including single family detached, duplexes, townhomes, condominiums, and mobile homes, who are served on a residential service schedule.
- The types of equipment, products, and services eligible for incentives may include, but are not limited to, the following:
 - Heating Ventilation and Air Conditioning (HVAC) equipment, service, and controls, including smart thermostats
 - ~~Smart thermostats~~
 - Thermal boundary improvements
 - HVAC duct improvements
 - Water conditioning and/or pumps
 - Other high efficiency equipment, products, and services as determined by the Company on a case by case basis.
- New HVAC equipment must (1) achieve or exceed the minimum Seasonal Energy Efficiency Ratio (SEER), Energy Efficiency Ratio (EER), and/or Heating Seasonal Performance Factor (HSPF) allowed by law and (2) meet all other Duke Energy requirements to achieve designated energy savings.
- The new HVAC system must include a properly matched outdoor unit and inside coil, which must be listed as such by the Air Conditioning, Heating and Refrigeration Institute (AHRI) or any additional certification directory as approved by Duke Energy.
- Qualifying Smart Thermostats (Wi-Fi enabled) must be installed at the time of a qualifying HVAC installation and may be subject to Duke Energy requirements regarding installation, installer, programming, functionality, and square footage of conditioned space.
- Duke Energy will establish performance requirements deemed necessary to ensure achievement of minimum energy savings for other equipment, products, and services offered for incentives. Parameters related to these performance requirements may include, but are not limited to, diagnostic testing, size of conditioned area, building/structure type, energy reduction achievement, installer/installation, and product selection.
- All improvements eligible for payment under this program must be installed based on manufacturer's recommendations and the Company's specifications, including installation by a Company-approved contractor, unless otherwise noted in program requirements. Detailed requirements are available on the Company's website at www.duke-energy.com.
- The Company may vary the incentive by type of equipment and differences in efficiency to induce customers to purchase greater levels of efficiency at the minimum necessary incentive amount. The Company may offer multiple levels of incentives corresponding to varied efficiency levels of equipment or service.
- The Company reserves the right to adjust the incentive on a periodic basis, as appropriate, to reflect changes to efficiency standards and market conditions.
- The Company reserves the right to limit the availability of incentives by the type of residential structure.
- The current amount of the incentive payment for eligible equipment, products, and services will be posted to the Company's website at www.duke-energy.com.

Duke Energy Progress, LLC
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- Incentives may be limited to one of any product, per residence, under all Company Energy Efficiency Programs.
- With Company approval, the owner or customer may designate that incentive be provided to a third-party.
- To qualify for payment under this program, qualifying improvements must be made on or after ~~September 1, 2017~~January 1, 2019 and the application for payment must be made as noted on the Company's website~~within 90 days of completion of the work.~~
- All energy conservation measures installed shall be subject to inspection by Company for the purposes of program evaluation, measurement, and verification.
- Incentives for certain products may only be offered in conjunction with incentives provided by manufacturers, distributors, or retailers during promotional periods.

PAYMENT

The Company's incentives for individual equipment, products, and services may be offered in a variety of ways, including, but not limited to, point-of-sale discounts, checks, ~~and~~ prepaid credit card options, and on-line discounted purchases, etc. Incentive payments shall be determined by the Company in ~~an amount not to exceed the following:~~

~~HVAC equipment installations—\$600~~

~~Thermal boundary improvements—\$250~~

~~Duct system improvements—\$100~~

~~Variable speed pool pump installations—\$300~~

~~Heat Pump Water Heater installations—\$350~~

~~For all other appliances and devices provided under this program the incentive will be~~ an amount not to exceed 50% of the installed cost difference between standard equipment or service and higher efficiency equipment or service.

COMPANY RETENTION OF PROGRAM BENEFITS

Incentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the Program.